

<b>Lincoln Hospital District #3</b> <i>Policies &amp; Procedures</i>		Reference Pages _____	Total Pages: _____
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<b>Revised Date:</b> 10/1/2006 _____ 09/18/2014 _____ _____ _____	<b>Reviewed Date:</b> _____ _____ _____ _____	<b>Subject</b>  <b>CHARITY CARE</b>	
		Policy  √	Procedure  √
<b>Distribution: District-wide</b>		<b>Originating Department: Patient Financial Services</b>	

## **PURPOSE**

Lincoln Hospital District #3 is committed to the provision of medically necessary healthcare services to all persons in need of such services regardless of ability to pay. In order to protect the integrity of operations and fulfill this commitment, the following criteria for the provision of charity care, consistent with the requirements of the Washington Administrative Code, Chapter 246-453, are established.

This policy will assist staff in making consistent objective decisions regarding eligibility for charity care while ensuring the maintenance of a sound financial base. This policy will allow District to use its resources to most efficiently help those in need of healthcare services regardless of ability to pay.

Accordingly, this written policy:

- Includes eligibility criteria for charity care – free and discounted (partial charity) care;
- Describes the basis for calculating amounts charged to patients eligible for charity care under this policy;
- Describes the method by which patients may apply for charity care; and
- Describes how District will publicize the policy within the community served by District.

Charity care is not considered to be a substitute for personal responsibility. Patients are expected to cooperate with District's process for obtaining charity care or other forms of payment or financial assistance. Patient non-participation in the process could result in an adverse determination of eligibility. Patients are expected to contribute to the cost of their care based on their individual ability to pay. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so.

## **I Eligibility Criteria**

**A. Services eligible under this policy:** The following healthcare services are eligible for charity care:

- Emergency medical services provided in an emergency room setting;
- Appropriate hospital-based medical services, which are defined in WAC 246-453-010(7) as "those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or

malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, 'course of treatment' may include mere observation or, where appropriate, no treatment at all."

Elective procedures are ineligible for charity care.

**B. Eligibility for charity care:** Eligibility for charity care will be considered for individuals who (i) reside in the Community (defined below) and (ii) are uninsured, underinsured, ineligible for any government healthcare benefit program, and who are unable to pay for their care, based upon a determination of financial need in accordance with this policy. The granting of charity care shall be based on an individualized determination of financial need and shall not take into account age, gender, race, social or immigrant status, sexual orientation or religious affiliation.

**For purposes of this policy "Community" means the geographic boundaries of Lincoln County, Washington and the additional areas of Ford (zip code 99013), Fruitland (zip code 99129), Hunters (zip code 99129), and Wellpinit (zip code 99040). District shall grant exceptions to the residency requirement on a facts and circumstances basis as determined by District.**

Charity care is secondary to all other financial resources available to the patient including group or individual medical plans, worker's compensation, Medicare, Medicaid or medical assistance programs, other state, federal, or military programs, or any other situation in which another person or entity may have a legal responsibility to pay for the costs of medical services. Patients are required to exhaust third-party payer benefits, including application for Medicaid prior to charity care being approved.

In those situations where appropriate primary payment sources are not available, patients shall be considered for charity care under this policy and within the requirements of WAC 246-453. All resources of the family as defined by the WAC 246-453 are considered in determining the applicability of the sliding fee scale in Attachment A.

- The full amount of District's charges will be determined to be charity care for a patient where their gross family income is at or below 125% of the current federal poverty level.
- The sliding fee scale will be used to determine the amount of charity care for a patient with gross family income between 101% and 200% of the current federal poverty level.
- District may offer Catastrophic Charity Care, which means that District may write off amounts for patients with family income in excess of 201% but less than 400% of the federal poverty level when circumstances indicate severe financial hardship or personal loss. The District will consider unforeseen interruption in income (a dramatic circumstance that would affect his or her financial circumstance) and/or medical expenses beyond the patient's capability of paying (equal or greater than 20% of the family's gross annual income). All Catastrophic Charity Care write-offs shall be approved by the Chief Financial Officer upon recommendation by the Director of Revenue Cycle.

Charity Care is valid six months from date of determination; patients must reapply for this program outside of this time frame.

## **II Process for Eligibility Determination**

1. District shall use an application process for determining eligibility for charity care. Requests will be accepted from sources such as: physicians, community or religious groups, social services, financial services, personnel and the patient.

2. The initial determination of eligibility shall be completed at the time of admission or as soon as possible following services to the patient. Pending final eligibility determination, District will not initiate collection efforts or requests for deposits, provided the responsible party is cooperative with the District's efforts to reach a determination of sponsorship status, including return of applications and documentation within 14 days of receipt
3. Following the initial request for charity care, District will require the patient to pursue other sources of funding, including Medicaid.
4. Forms and instructions to complete will be furnished to patients when charity care is requested, when need is indicated or when financial screening indicates potential need.
5. All applications shall be accompanied by documentation to verify family income. To aid in eligibility determination, patients requesting charity care will be given a financial statement to be returned with proof of income. When returned, the financial statement shall be accompanied by one or more of the following types of documentation for purposes of verifying income:
  - a. W-2 withholding statements for all employment during the relevant time period;
  - b. Payroll check stubs from all employment during the relevant time period;
  - c. IRS tax returns from the most recently filed calendar year;
  - d. Forms approving or denying eligibility for Medicaid and/or state-funded Medical Assistance;
  - e. Forms approving or denying unemployment compensation;
  - f. Written statements from employers or state agencies.

In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party of making a final determination of eligibility for classification as an indigent person.

6. Income shall be annualized from the date of application based upon documentation provided and upon verbal information provided by the patient. The annualization process will be determined by District and will take into consideration seasonal employment and temporary increases and/or decreases of income.
7. All information relating to the application will be kept confidential. Copies of documents that support the application will be kept with the application form. Documents pertaining to charity care shall be retained for seven (7) years.
8. The patient must return applications and documentation to the Patient Financial Services office within fourteen (14) calendar days, or such time as the person's medical condition may require as determined by District.
9. District will make final eligibility determination and will notify the patient within fourteen (14) days of receipt of completed charity care application and all necessary support documentation (e.g. financial statements, proof of income, etc.).
10. Designations of charity care, while generally determined at time of admission, may occur at any time upon learning of facts that would indicate indigency. In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical care services, and is subsequently found to have met the charity care criteria at the time the services were provided, any payments in excess of the amount determined to be appropriate in accordance with WAC-246-040 shall be refunded to the patient within thirty days of achieving the charity care designation.
11. The sliding fee schedule shall take into account the potential necessity for allowing the responsible party to satisfy the maximum amount of charges for which the responsible party will be expected to provide payment over a reasonable period of time, without interest or late fees..
12. The applicant may appeal the determination of eligibility for charity care by providing additional verification of income or family size within thirty (30) days of receipt of notification. District may require the applicant to submit a new charity care application and documentation. If the District

has initiated collection activities and discovers an appeal has been filed, collection efforts will be suspended until the appeal has been finalized. All appeals will be reviewed by the Chief Financial Officer and the Revenue Cycle Director. If this determination affirms the previous denial of Uncompensated Care, written notification will be sent to the patient/guarantor and the Department of Health in accordance with state law.

In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the District's sliding fee schedule, the District is not obligated to establish the exact income level or to request the aforementioned documentation from the responsible party, unless the responsible party requests further review.

Eligibility will be based on income: total cash receipts before taxes derived from wages and salaries, public assistance payments, Social Security payments, strike benefits, unemployment or disability benefits, child support and net earnings from business and investment activities paid to the individual.

Accounts placed with collection agencies will be reviewed to determine if a judge has issued an order on the debt. The District will then fairly evaluate the application to determine if the patient would have been eligible at the time of services.

### **III. Process for Communication**

District's charity care policy shall be made publicly available in the following ways:

- The District's Uncompensated Care Policy will be publicly available through the posting of signs and the distribution of written material in those areas where the District requests information pertaining to third party coverage from the patient/guarantor.